

REMARKS

In response to the first Office Action mailed 22 September 2006, applicant has amended the preamble of each of independent claims 1, 25, 26, and 27 to recite an incentive-controlled method or apparatus based on user-declared preferred benefits (other than a preferred charge card choice), and thereby better distinguish these claims, and all claims dependent from them, from *Lalonde*, taken alone or in combination with *Walker et al.*

The Examiner's references are considerably acknowledged in producing said amendments directed to further defining the present invention as set forth in said claims as concerning an incentive-controlled system that *employs a user's declared preferred and ranked benefits, to evaluate and determine benefits and settlement solutions, that selects and presents accounts and objects, all to consummate transactions.* The host system does not use a pre-configured charge card selector card, never involves an initial predetermination of individual charge cards, and does not require a user to pre-order their charge card usage in order to achieve a user's declared preferred benefits.

In contrast, *Lalonde* is based on the use of a pre-configured charge card selector card with predetermined charge card preferences (column 10, lines 19-22) that conditions the order of account usage (column 10 lines 42-44). On review, it can be noticed that there is no disclosure or suggestion in *Lalonde* that enables a user to declare a preference for any benefit and thus, without having knowledge of a user's preferred benefits the *Lalonde* system can only contemplate benefits resulting from accidental discovery and not from any user-defined benefit strategy. Furthermore, without relevant benefit search results focused by user preferences then any benefits that *Lalonde* may acquire for a user are wholly random in nature with no basis in user suitability. It may be viewed that the operating mechanism of the present invention is distinctly different from *Lalonde*'s "predetermined charge card" system, and any attempt to "modify" *Lalonde* into something like Applicant's system would require abandoning the "predetermined charge card" method at the heart of the *Lalonde* system and starting all over

from the beginning. Moreover, the amendments to claim 1 now specifically exclude charge card preferences and as such, *Lalonde* is not able to anticipate the system of the present invention.

A. Objections to the specification

The examiner has objected to the specification because of three specified informalities. As shown in the attached listings of amendments, each of the informalities cited by the examiner have been corrected.

B. Claim rejections under 35 U.S.C. §101

Claim 27 has been rejected under 35 U.S.C. §101 as being directed to non-statutory subject matter (i.e., computer software).

Applicant has amended claim 27, adding the term “computer-readable storage medium encoded with processing instructions” in the claim preamble, “[Computer software for executing] A computer-readable storage medium encoded with processing instructions for creating and employing incentive-controlled settlement solutions based on user-declared preferred benefits and enabling functions . . .”, to eliminate reference to non-statutory subject matter.

Applicant believes that with this amendment claim 27 is in condition for allowance, and the withdrawal of its rejection is respectfully requested.

C. Claim rejections under 35 U.S.C. §102

Introduction

Claims 1-2, 4, 6-11 and 13-24 have been rejected under 35 U.S.C. §102(e) as being anticipated by Lalonde U.S. Patent No. 5,477,040 (hereinafter “*Lalonde*”).

Applicant has amended claim 1, adding the terms “incentive-controlled” and “user-declared preferred benefits” in the claim preamble, “[A] An incentive-controlled method for use in the trading and/or acquisition of [economic and personal] user-declared preferred benefits . .

.” (page 26, lines 3-6 and lines 19-21; page 27, lines 5-6 and lines 19-22; page 28, lines 25-26; page 29, lines 17-18; page 38, lines 12-15; page 41, lines 19-23; page 49, lines 11-14; page 86, lines 4-20), to further define the present invention as a transaction system wherein *all operational activity is conducted according to a user’s declared preferred and ranked benefits* (claim 1, elements (a), (b) and (c) as amended), and no transaction activity that is based on user-preferred charge cards, such as the operative “predetermined preferred charge cards” of *Lalonde* (column 3, lines 12-13), is engaged by any operation of the present invention whatsoever.

Lalonde discloses in the Summary of the Invention (at column 4, lines 42-48) a transaction system in which the “predetermined charge card” constitutes the fundamental elements of the transaction system and is the sole key to the operation of the entire system. On review, *Lalonde* never discloses, suggests, or teaches any means of enabling user-declared preferred benefits as disclosed in the present invention, nor provides the mechanical means to accommodate any user declaration of preferred benefits. While the present invention has the same general objective as *Lalonde*, to provide users with easy means to settle transactions, it achieves this objective in a fundamentally different way: *it is a fundamental objective of the present invention to provide a transaction system in which users achieve their declared preferred benefit objectives totally free from any dependence, interference, or limitation caused by the use of predetermined and/or preordered charge cards.* *Lalonde* does not and cannot meet this fundamental objective and therefore, *Lalonde* does not anticipate or render obvious the present invention.

Regarding the §102 rejection of claims 2, 4, 6-11 and 13-24, all of said claims are dependent on claim 1. Where applicant has amended claim 1 to distinguish from *Lalonde*, said claims 2, 4, 6-11 and 13-24 have also been patentably distinguished from the *Lalonde* reference.

Fundamental distinctions between the present invention and Lalonde

The principal reference cited by the Examiner in her Office Action, Lalonde U.S. Patent No. 5,477,040 (hereinafter "*Lalonde*"), is directed, like the present application, to providing means to settle a transaction using electronic methods. To address this objective, *Lalonde* discloses and claims a charge transaction system that *facilitates the use of a plurality of predetermined charge cards* during a charge transaction by utilizing a single universal charge card selector card (column 6, lines 23-42).

The *Lalonde* transaction system is accordingly characterized by three fundamental operating principles, central to the operation of the *Lalonde* system, that are designed generally to allow a user to access and manage a plurality of unique charge cards and primarily intended to consummate a transaction by producing a predetermined charge card payment (column 6, lines 50-64).

1. A user first obtains (column 2, lines 59-63) and then configures a plurality of unique charge cards by setting an initial preferred order of charge card usage (column 10, lines 19-22) which controls the operation of the entire system when using the universal charge card selector card. In the *Lalonde* system, there are no means disclosed for the user to declare the motivating reasons for the preferred order of charge card usage, or to provide any identification of their preferred benefits. *There is no knowledge of a user's benefit preferences whatsoever* that may be employed by the *Lalonde* system in any of its operations and therefore, *Lalonde* cannot produce incentive-controlled settlement solutions based on a user's declared preferred benefits. It is the primary object of the *Lalonde* system *to settle a transaction using a predetermined preferred charge card* (column 6, lines 40-42; column 10, lines 42-44) with only ancillary features engaging in the accidental discovery of uncertain, uncoordinated, random benefits (column 3, lines 16-17; column 10, lines 27-29).

2. Transactions settled with the *Lalonde* universal charge card selector card will be sequentially numbered. *Lalonde* simplifies the reconciliation of charge card transaction receipts by providing a consolidated charge card activity statement that displays the same sequential number listed with a charge transaction as it is printed on the transaction receipt (column 2, lines 64-67 to column 3, lines 1-2).
3. A card holder may submit a single payment to the *Lalonde* system which will generate separate payments to each of the plurality of subscribed charge card issuers. The *Lalonde* system will allocate the card holder's single payment to the separate charge card issuers in accordance with the card holder's predetermined payment preferences (column 3, lines 3-9).

The present invention, on the other hand, introduces an entirely new transaction paradigm that *trades and/or acquires user-declared preferred and ranked benefits for a user by employing incentive-controlled settlement solutions* instead of possibly obtaining uncoordinated, random benefits for a user by means of preferred charge card-controlled payments. The present invention employs none of the three central characteristics of the *Lalonde* system in the transaction system of the present invention.

1. A user's declared and ranked preferred benefits control the operation of the present invention. A user of the host system declares their preferred benefits and sets a ranked benefit order. The host system of the present invention acts on the user's declared and ranked preferred benefits to produce settlement solutions that use *any available account and settlement means in any order* to achieve the user's preferred benefits. The user never sets any initial preferred order of unique charge card usage whatsoever that would influence the selection of their accounts. The present invention Fig. 4 (numbered elements 425 and 430) is cited in support.
2. The present invention constructs settlement solutions that are pre-verified as acceptable to all transaction parties to ensure obtaining selected benefits. *This*

feature permits a world of difference by introducing a novel compliance-matching paradigm to produce settlement solutions that are both benefit-driven and acceptable to all transaction parties. In contrast, the Lalonde charge card selector means may be influenced by a random benefit (e.g., a low interest rate) and caused to produce the associated preferred charge card (e.g., a Macy's charge card) but such produced charge card may not consummate the transaction since such charge card is not pre-verified as acceptable to the merchant (e.g., ExxonMobil retailers do not accept Macy's charge cards). The present invention claim 10 (as previously presented) is cited in support.

3. New accounts and settlement means may be automatically subscribed to and activated by the present invention to obtain a user's preferred benefits. This innovative feature permits the user to employ options beyond their preexisting portfolio of accounts and settlement means as the present invention seeks to achieve user-preferred benefits. The *Lalonde* system only permits preexisting and preconfigured charge cards to be used during a transaction. *The present invention eliminates any need for the many irksome manual procedures employed in the prior art to discover, subscribe to, and configure accounts and settlement means (for example, a merchant reward card) that may be used to obtain a user's preferred benefits.* The present invention claims 9 and 10 (both as previously presented) are cited in support.
4. The present invention may be used to engage in benefit exchanges without necessarily involving a charge card purchase of merchandise. This feature permits a world of difference by allowing users to trade benefits at will in direct person-to-person exchanges wholly free of merchant and charge card issuer involvement. A user with accrued airline mile awards (e.g., Orange Airline miles) is able to solicit and negotiate with other users to determine an incentive-controlled exchange solution

that will trade the Orange Airline miles with another party for, perhaps, Apple Airline miles. The Lalonde system does not enable any exchange of benefits between users and is rigidly structured to only receive benefits from charge card issuers. The present invention claim 20 (as amended) is cited in support.

5. The present invention not only functions at the time of a point of sale with merchandise in hand, but also may be used at time before and time after a transaction to query and review settlement arrangements. This feature permits significant differences in the timing of system use since the present invention may be used in an immediate transaction, and also allows a user to:

- (a) *query the present invention concerning a proposed acquisition of goods and/or services* to determine incentive-controlled settlement solutions which may affect the composition of goods or services to be acquired as well as the selection of a provider. *Lalonde* singularly operates during a purchase transaction when a user has specific merchandise in hand and wants to produce a charge card payment for a specific merchant (column 6, lines 40-42). The present invention claim 16 (as amended) is cited in support.
- (b) *review settled transactions to ensure compliance with accepted benefit terms and conditions* as agreed by parties to consummate a transaction (e.g., a merchant price-match guarantee for thirty days). *Lalonde* is only operative during an immediate transaction and no methods or mechanical means are provided in the system to record and evaluate obtained benefits for compliance conditions. The present invention claim 25 (as amended) is cited in support.

6. The present invention uses any Pareto function or multivariable data modeling based on a user's declared preferred and ranked benefits to automatically produce

standardized valuations for determining rankings. A user's declared and ranked preferred benefits satisfy the requirements for using these algorithms in the construction of incentive-controlled solutions. *Lalonde* may be able to rank an airline mile benefit promotion and declare that a promotion offering 3 airline miles per dollar spent ranks higher than a promotion offering 2 airline miles per dollar spent, but whether 3 airline miles is "better" than 3 eBay points is unknown since *Lalonde* not only does not offer a standardized valuation means but also *Lalonde* is void of knowing a card holder's preferred and ranked benefits which are certain and necessary conditions for using any analysis methodology (for example, 3 American Airline miles may be worthless if the user only flies on Southwest Airlines). The present invention claim 3 (as amended) is cited in support.

The fundamental differences in the operating principles of the *Lalonde* system and the system of the present invention result in equally fundamental differences in the dynamics of operation of the two systems, and in the results for users. In particular, the operations of the system of the present invention are far superior to those of *Lalonde* both in the effectiveness of their benefit dynamics and in their substantive results for users: the system of the present invention empowers individual users to maximize the utility value of all achieved benefits by consummating transactions based on conditions of declared and ranked preferred benefits and not on predetermined preferred charge cards and random benefits. In the *Lalonde* system, it is the predetermined preferred charge card that characterizes and dominates the operation of the system. *Lalonde* requires a card holder to first manually select, obtain, and then configure their plurality of charge cards by setting an initial preferred order of usage for each charge card.

During a transaction, the *Lalonde* charge card selector means selects an initial predetermined preferred charge card and then determines, by undisclosed means, if there is any influence from a published charge card issuer benefit that may cause the selection of a particular preferred charge card to consummate the charge transaction. Such benefit influence

may involve, for example, a finance charge interest rate or an airline mile award. While a compelling influence from a lower interest rate benefit may cause the selection of a particular charge card, such benefit may have no utility value to the user if the user pays their charge card balance in full every billing cycle. Such full payment avoids any finance charges and thus eliminates any user value associated with the selection of a lower interest rate benefit. In contrast, *the present invention is never influenced by a benefit unless such benefit has been identified as relevant to the declared preferred benefit objectives of the user (claim 1, element (b) as amended)*. In addition, while a benefit having utility value for the user may be randomly selected by *Lalonde*, the use of the associated charge card to obtain the selected benefit may not be appropriate since such charge card may not be accepted by a merchant, for example, a Macy's charge card is not acceptable by ExxonMobil retailers. In contrast, *the present invention will never employ an account or settlement means that is not acceptable by transaction parties (claims 9 and 10 both as previously presented)* thus ensuring achievement of every selected benefit.

Due to *Lalonde's* lack of knowledge concerning a card holder's preferred benefits, *the Lalonde system strictly operates to select and produce a predetermined preferred charge card* with total unawareness of the utility value that any chosen uncoordinated benefit may have to the user. Since *Lalonde cannot consider a card holder's benefit preferences*, it fails to produce transaction results that yield consistent benefits with superior utility value for the card holder. Without knowledge of preferred benefits, *Lalonde* can only provide accidental discoveries of uncertain, uncoordinated, random benefits resulting in a hodgepodge of possible benefit acquisitions that may be of little or no utility value to the user.

These uncoordinated consequences cannot occur using the host system of the present invention since settlement solutions are based on declared preferred benefits and pre-verified acceptance. In contrast, the present invention is completely structured to employ a user's declared preferred and ranked benefits in the achievement of consistent utility value for the

user. The present invention strives to *obtain the user's maximum achievable preferred benefits* with no consideration whatsoever of any preferred charge card account usage that could limit or interfere with realizing benefit objectives.

Lalonde's establishment of predetermined preferred charge cards as the fundamental operating premise of his transaction system mandates the use of procedures to ignore the relevance and utility value of preferred benefit opportunities. As *Lalonde* demonstrates in his disclosure, the singular result of every transaction is to have the host system select a predetermined preferred charge card that may or may not have a benefit associated with it. To meet this singular focus on producing a predetermined preferred charge card, *Lalonde* has designed a veritable menagerie of isolating measures all of which call for the host system to produce a predetermined charge card for a transaction and not to be concerned with a card holder's preferred benefits. No matter what random benefit may be accidentally discovered and obtained, any and all such benefits originate from the card holder's original pre-selection and manual ranking of charge cards and not from any attempt by the *Lalonde* system to satisfy a user's declared preferred benefit objectives.

It is further presented and explained that *the user's declared preferred and ranked benefits means, as disclosed in the present invention, is the architectural keystone* required to support any connection between the present invention and *Lalonde* or any prior art whatsoever. The user's declared preferred and ranked benefits means is absent from *Lalonde* in any disclosure, suggestion, or teaching, and furthermore, *Lalonde* does not provide any mechanical means to accommodate a user's declared preferred and ranked benefits means whatsoever. *Without the fundamental means of declared preferred and ranked benefits, and other related features as disclosed in the present invention, it is impossible for Lalonde or any system to provide the structure of the present invention.*

The present invention employs a novel transaction paradigm that focuses on incentive-controlled settlement solutions based on declared preferred and ranked benefits which is not

disclosed or suggested in *Lalonde* (alone or in combination with any known reference). *A key to the system of the present invention, not disclosed in the prior art, is a benefit preference mechanism that drives the selection of transaction benefits with no consideration of preferred accounts whatsoever.* The determination of a transaction settlement solution is set entirely by the goal to maximize the user's preferred achievable benefit value. The host system of the present invention includes means to employ these user preferred and ranked benefits in the evaluation and comparison of disparate benefit categories and characteristics to produce standardized comparisons in order to accomplish its benefit valuation objectives.

Claim-by claim review of the §102 rejections – Lalonde

The Examiner has rejected claims 1-2, 4, 6-11 and 13-24 under §102(e) as being anticipated by *Lalonde*.

Applicant respectfully disagrees with the Examiner's §102 rejection of claim 1 in which it is contended that *Lalonde* discloses recited elements (a) through (c) of claim 1 (as initially presented), generally at Col. 3, lines 10-18. It may help to clarify this situation by considering that *Lalonde* does not specifically disclose element (a) of claim 1 (as initially presented), which recites the step of:

(a) receiving a request to produce a benefit-driven settlement solution for an identified user having ranked benefit preferences;

In the text of *Lalonde* cited by the Examiner in support of her rejection, at Col. 3, lines 11-13, *Lalonde* makes reference to providing “a structure for and method of making charge transactions including automatically selecting predetermined preferred charge cards . . .” The context of this statement concerns a system that facilitates charge card transactions whereby “a card holder of a plurality of separate charge cards issued by a plurality of separate charge card issuers may make charge transactions at a charge card accepting merchant with the charge card selector card and the charge transactions are charged to predetermined charge cards of

the card holder in accordance with the card holder's predetermined preference . . ." (column 3, lines 25-31). In context *Lalonde*'s reference to "card holder's predetermined preference" refers to a set of operations involving pre-determined preferred charge cards (i.e., a charge card-driven settlement that does not have a relationship with any declared benefit preferences since there are no declared preferred and ranked benefits enabled in *Lalonde*), and not, as in claim 1 (as initially presented) of the present invention, focused on "a benefit-driven settlement solution" based on a user's "ranked benefit preferences".

In review, the *Lalonde* system is a charge card-driven structure allowing only ranked charge card preferences to be declared that prescribe which charge card is to be used in a transaction. *Lalonde* does not disclose or suggest allowing an individual to declare their ranking of benefit preferences which is critically essential to any anticipated similarity between *Lalonde* and the present invention. In addition, the card holder of the *Lalonde* system is never given the means of specifying why they are preferring a particular charge card let alone being provided with the means of specifying which benefits they prefer. Furthermore:

- (a) with respect to claim 1, element (a) (as initially presented), *Lalonde* does not receive "a request to produce a benefit-driven settlement solution", but merely "relates to making charge transactions" (column 1, line 7). The *Lalonde* structure does not enable "ranked benefit preferences" and is restricted to only employing "predetermined preferred charge cards" (column 3, lines 12-13). As such, *Lalonde* is incapable of producing a benefit-driven settlement solution based on user-declared preferred and ranked benefits.
- (b) with respect to claim 1, element (b) (as initially presented), *Lalonde* has no means of identifying a card holder's benefit preferences and therefore, *Lalonde* cannot conduct a "search to identify benefits pertinent to" the request of claim 1, element (a).

To consider that the present invention is anticipated by *Lalonde* requires inferring that the present invention's incentive-controlled benefit preference transaction system is equivalent to *Lalonde's* dissimilar charge card-controlled payment preference transaction system. Such assumption would be mistaken since these distinct features form the fundamental operating principles which differentiate these systems not only from the prior art but also, and more immediately, from each other.

To anticipate that *Lalonde* can provide the system of the present invention would require *Lalonde* to disclose means to permit a user to declare preferred and ranked benefit objectives, for which there is no disclosure and no mechanical resource in *Lalonde* to accommodate such means. The best that can be produced from *Lalonde* is an conceptual idea to consider a collection of unstructured and random promotions with no known association with a user's benefit preferences. In contrast, the host system of the present invention reviews the user's declared preferred and ranked benefit objectives in order to produce coordinated settlement solutions.

In addition, the preamble of claim 1 has now been amended to recite an "incentive-controlled" method based on "user-declared preferred benefits" and thereby more clearly distinguish from *Lalonde*. Accordingly applicant respectfully presents that the anticipation of *Lalonde* postulated by the Examiner may not be made, and requests that the rejection of claim 1 be withdrawn.

With respect to claims 2, 4, 6-11 and 13-24, all of said claims are dependent on parent claim 1, the preamble of which applicant has now amended to recite "[A] An incentive-controlled method for use in the trading and/or acquisition of [economic and personal] user-declared preferred benefits (other than a preferred charge card choice) . . ." and thereby more clearly distinguish from *Lalonde*. Applicant believes that with this amendment claim 1 is in condition for allowance. Accordingly, applicant believes that dependent claims 2, 4, 6-11 and 13-24 are also

patentable and in condition for allowance, and the withdrawal of their rejection is respectfully requested.

Amendments to dependent claims, in particular 7, 13-16, and 18-20 (as initially presented), have been made to clarify certain actors and settings of the present invention. Claim 7 (as amended) clarifies the benefit of highest value as relating to its instantiation in claim 4 (as amended). Claims 13, 16, and 20 (as amended) distinguish the present invention as being incentive-controlled. Claims 13-15 (as amended) clarify the present invention as useful for a payment transaction in any setting. Claims 16 and 18 (as amended) clarify the present invention as useful for the acquisition of goods or services in any setting. Claim 18 (as amended) now accurately states the “proposed acquisition query” as developed in claim 16 (as amended), and then provides for commitments from the at least one provider, and then corrects the inaccuracy of an instantiated transaction, and lastly adjusts the proper grammatical construct of the word “issue” in context. Claim 19 (as amended) now accurately describes the objects of action as the instantiated “provider-committed transaction” and the instantiated “benefit-issuance terms” both as developed in claim 18 (as amended).

Claims 25-27 have been rejected under 35 U.S.C. §102(b) as being anticipated by Walker et al. U.S. Patent No. 5,945,653 (hereinafter “*Walker*”).

Walker does not enable a user to record their benefit preferences, or allow the system to evaluate, rank, or determine any benefit or settlement solution. As such, Applicant has amended claims 25, 26, and 27 adding the terms “based on declared preferred benefits”, and “objects, accounts, and conveyance mechanisms” in the claim preamble, in 25 and 26 “. . . incentive-controlled settlement solutions based on user-declared preferred benefits by establishing and executing functions that review and determine objects, [of value] accounts, and conveyance mechanisms . . .” and in 27 “. . . incentive-controlled settlement solutions based on

user-declared preferred benefits and enabling functions that review and determine objects, [of value] accounts, and conveyance mechanisms . . .".

In addition, elements (ii), (v), and (vii) in claim 25 have been inserted and elements (b), (e), and (g) in claims 26 and 27 have been inserted as amendments to enable "recording user entry and ranking of at least one declared benefit preference", "processing automatic evaluations and rankings of at least one contemplated benefit", and "processing automatic evaluations and rankings of at least one settlement solution" all to further define the transaction system of the present invention as a transaction system wherein its operations and all settlement activity is conducted *according to a user's declared preferred and ranked benefit objectives using automated evaluations, rankings, and system-determined benefits and accounts*, and no transaction activity, such as the "function identifier" of *Walker*, that originates from first manually selecting a credit card account and relying on the user for evaluations and rankings of benefits is engaged by any operation of the present invention whatsoever.

Applicant believes that with these amendments claims 25-27 are patentably distinguished from *Walker* and respectfully requests the withdrawal of their rejection.

Fundamental distinctions between the present invention and Walker et al.

A primary reference cited by the Examiner in her Office Action, Walker et al. U.S. Patent No. 5,945,653 (hereinafter "*Walker*"), is directed, like the present application, to providing means to settle a transaction using electronic methods. To address this objective, *Walker* discloses and claims a credit card transaction system that *depends on the user-selection of a credit card account and further manual evaluation, ranking, and application of functions adapted to affect credit card transactions by involving discounts, rebates, and special purchase operations* (column 3, lines 46-48; column 4, lines 45-52; column 18, lines 16-18).

The *Walker* transaction system is accordingly characterized by three fundamental operating principles, central to the operation of the *Walker* system, that are designed primarily to

enable a user to manually evaluate and select a credit card for use during a specific transaction and manually evaluate and select a function identifier, corresponding to special purchase terms, to affect the transaction amount (column 5, lines 16-19).

1. A credit card holder manually selects and submits a single unique credit card to a merchant for use in a user-chosen transaction and then manually selects and presents a function identifier that provides special purchase terms to possibly affect a transaction amount (column 5, lines 28-63). In the *Walker* system, there are no means disclosed for the user to declare the motivating reasons for the selection of a credit card and use of an associated function identifier, or to provide any identification of their preferred benefits. *There is no knowledge of a user's benefit preferences whatsoever* that may be employed by the *Walker* system in any of its operations and therefore, the *Walker* system cannot automatically produce incentive-controlled settlement solutions based on user declared preferred benefits. After a user of the *Walker* system has manually provided a credit card to a merchant, it is necessary that the user also manually evaluate, determine and present any benefit (i.e., function identifier) they may desire to employ (column 9, lines 12-27 and lines 40-45; column 10, lines 1-21 and lines 26-28; column 15, lines 62-66). It is the primary object of the *Walker* system to *provide the user with absolute manual control concerning the evaluation, selection, and presentation of a credit card and any benefits to be used during a specific chosen transaction* (column 5, lines 16-19; column 18, lines 16-50).
2. The *Walker* system operates as a mathematical calculator to verify and process a submitted function identifier and its corresponding rigidly constructed function operation that encapsulates predetermined and exact special purchase terms (column 3, lines 66-67; column 5, lines 28-31; column 10, lines 5-9 and lines 24-25 and lines 34-38; column 14, lines 24-28; column 18, lines 11-15). After receiving a

function identifier from a user, the *Walker* system will verify that such function identifier is pre-assigned to the credit card being used in a transaction (column 18, lines 32-38) and then retrieve the associated mathematical operation corresponding to the function identifier. The host system will then apply the corresponding mathematical operation to the transaction amount to produce a final or secondary, if further function identifier operations are submitted (column 11, lines 3-5), transaction amount. This feature of *Walker* provides a user with the means of manually deciding to use a pre-assigned benefit to affect the calculation of a transaction amount all based on the manual evaluation and selection of preexisting mathematical operations and always applied in the order as submitted by the user.

3. A user may assign a text phrase to a transaction indicating the purpose of the purchase (column 5, lines 20-27). The *Walker* system provides a convenient method for a user to code a transaction with a personal note at the moment of the transaction, for example, as a business or personal expense.

The present invention, on the other hand, introduces an entirely new transaction paradigm that *trades and/or acquires user-declared preferred and ranked benefits for a user by employing incentive-controlled settlement solutions that use automatic evaluation and ranking means as well as present system-determined accounts* instead of operating by means of the manual evaluation and selection of a credit card and use of manually evaluated and selected pre-assigned special purchase terms to affect a transaction amount. The present invention employs none of the three central characteristics of the *Walker* system in the transaction system of the present invention.

1. The present invention permits the automatic evaluation, ranking, selection, and application of benefits as chosen from a universe of preferred benefits, as based on user declared preferences, by using system-determined accounts and not employing any requirement to manually select a unique credit card. It is the object of the

Walker system to provide the user with absolute manual control concerning the credit card and benefits that are selected and used during a transaction (column 5, lines 16-19; column 18, lines 16-50). To consider that such absolute manual user evaluation, ranking, determination, and control of accounts and benefits could be changed by introducing non-user determined and controlled (i.e., system automatic) application of one or multiple benefits that require the use of accounts not selected by the user during a transaction would upend the fundamental controlling premises of the *Walker* system. The present invention claim 7 (as amended) and claim 10 (as previously presented) are cited in support.

2. The present invention never operates by first selecting a credit card, and then selecting a benefit. *The host system of the present invention first identifies a user's preferred benefits, and then evaluates and selects the accounts and settlement means necessary to obtain the benefits and consummate the transaction.* The present invention claim 1 (as amended) and claim 2 (as previously presented) are cited in support.
3. The present invention uses any Pareto function or multivariable data modeling based on a user's declared preferred and ranked benefits to automatically produce standardized valuations for determining rankings. *Walker* requires the user to manually evaluate, rank, and determine their own benefit valuations with no assistance from the *Walker* host system. *Walker* further requires a user to manually evaluate, rank, and determine if multiple benefits may be applied, and in what order, to a transaction (column 11, lines 3-20). The present invention discloses automatic means to evaluate and rank all benefits and settlement solutions. The present invention claim 3 (as amended) and claim 10 (as previously presented) are cited in support.

Claim-by claim review of the §102 rejections – Walker

The Examiner has rejected claims 25-27 under §102(b) as being anticipated by *Walker*.

A further review may indicate that it is unlikely that the present invention could be anticipated by *Walker* since the *Walker* system is completely dependent on a user to manually evaluate, rank, determine and deliver a specific credit card and benefit for use in a transaction and never contemplates the employment of an automatic evaluation and ranking system that presents system-determined credit cards (column 9, lines 12-18; column 13, lines 2-6; column 17, lines 33-38; column 18, lines 16-18; column 18, lines 65-67 to column 19, lines 1-5). The means to evaluate, determine, and deliver a system-sponsored credit card or benefit by *Walker* are completely absent in any disclosure, suggestion, or teaching, and also, *Walker* does not provide any mechanical means to accommodate methods for the automatic evaluation, ranking, or presentation of benefits or system-determined credit cards whatsoever. For example, no mechanisms are enabled in *Walker* to select and deliver account information to a merchant.

Walker operates as a simple mathematical calculator that is only capable of receiving a user-selected credit card account identifier, a user-selected benefit function identifier, and a merchandise transaction amount and retrieving a designated mathematical operation associated with the function identifier and conducting the necessary arithmetic operations on the transaction amount to produce a new transaction amount. All such activity is dependent upon the user's manual evaluation, determination, and delivery of a credit card to initiate any processing activity. The apparatus and methods to evaluate, determine, and deliver credit cards and benefits for use in the consummation of a transaction are completely external to *Walker*.

It is unlikely that *Walker* provides anticipation of the present invention's automatic evaluation, ranking, and presentation of system-determined accounts and benefits since such anticipation upends the fundamental premise of *Walker* to provide absolute manual control

concerning the evaluation, selection, and presentation of a credit card and associated benefits during a transaction (column 18, lines 16-50).

The Examiner cites column 3, lines 42-51 and column 8, lines 33-57 in support of her belief, but a further review of said references may indicate that *Walker* discloses a system limited to carrying out user-selected benefit functions to affect transactions that are to be paid with a user-selected credit card, and the system never reviews and determines the credit card and benefits to be used in a transaction. The references as cited state how *Walker* is enabled “for establishing and carrying out functions adapted to affect credit card transactions” and to “affect an account to which a particular transaction is to apply.” Specifically, the *Walker* system is structured “to allow for entry of a function identifier at the point-of-sale” (column 19, line 46) as it “may be either entered by a merchant ... or by a cardholder to affect the transaction” (column 19, line 48-52), such transaction using “the account number of the cardholder that was earlier received” (column 19, lines 4-5).

Walker requires the user to evaluate and select the credit card and benefits for use in a transaction (column 18, lines 16-47; column 22, lines 15-23) and does not allow the host system to evaluate, rank, or determine any account or benefit for use in a transaction whatsoever. In contrast, the present invention is enabled to evaluate and determine accounts for use in a transaction (claims 9 and 10 as previously presented; claim 25, as amended). Furthermore, the Examiner cites column 19, lines 44-56 to demonstrate how *Walker* is enabled to “produce settlement solutions”. This does not seem possible since the *Walker* system is only capable of operating as a “servant” of a user-determined settlement solution (e.g., to receive and act on supplied information such as a function identifier that affects a transaction amount) and not as a “producer” of a system-determined settlement solution (e.g., to evaluate, rank, determine, and deliver information such as accounts and benefits that are to be acted on).

Since such account and benefit determination apparatus and methods necessary to create settlement solutions are completely external to *Walker* (i.e., user-centric), this would

indicate that there can be no anticipation of the present invention by *Walker*. In contrast, the present invention is enabled to identify a user's preferred benefits and then evaluate, rank, determine, and deliver the accounts and objects necessary to achieve the benefits and consummate the transaction. The present invention claim 1 (as amended), claim 2 (as previously presented), and claim 10 (as previously presented) are cited in support.

Without the fundamental means to enable system-determined credit card selection and automatic evaluation, ranking, and delivery of account and benefit information, and other related features as disclosed in the present invention, it is impossible for Walker, or any system, to anticipate the apparatus and processing methods of the present invention.

With respect to claims 25-27, Applicant has amended claims 25, 26, and 27 adding the terms "incentive-controlled", "based on user-declared preferred benefits", and "objects, accounts, and conveyance mechanisms" in the claim preambles, and inserting elements (ii), (v), and (vii) in claim 25 and elements (b), (e), and (g) in claims 26 and 27 to enable recording user entry and ranking of benefit preferences and processing automatic evaluations and rankings of benefits and settlement solutions all related to the apparatus and processing instructions and thereby more clearly distinguish from *Walker*. Applicant believes that with these amendments claims 25-27 are in condition for allowance, and the withdrawal of their rejection is respectfully requested.

Summary of the §102 rejections

On review of the Examiner's contentions, neither *Lalonde* nor *Walker* appears to disclose or in any way suggest a system comprising means to anticipate a transaction settlement system that engages in the automatic evaluation, ranking, and production of incentive-controlled settlement solutions based on a user's declared preferred and ranked benefits. First, *Lalonde* nowhere discloses the use of any preferred and ranked benefit declaration and benefit preference matching methods that select benefits of interest to the user;

second, there is no suggestion to be found in *Lalonde* to warrant any motivation to modify *Lalonde* to include the use of such benefit preference matching methods; and third, *Walker* places the burden for evaluating and determining the credit card and benefits to be used during a transaction squarely with the user and not with the host system. Without a system having recorded knowledge of a user's declared preferred benefits and then being enabled to conduct automatic activities that evaluate and select declared preferred benefits and further evaluate, determine, and deliver accounts to achieve the benefits, it is not possible for *Lalonde* or *Walker* to anticipate the present invention. After the Examiner's consideration of these items, the Applicant respectfully requests the rejection of claims 1-2, 4, 6-11, 13-24, and 25-27 be withdrawn.

D. Claim rejections under 35 U.S.C. §103

Introduction

Turning to rejections under 35 U.S.C. §103, the Examiner has rejected claim 3 (as initially presented) under §103(a) as unpatentable over *Lalonde* and further in view of Introduction to Industrial and Systems Engineering by Turner et al., 1993 (hereinafter "*Turner*").

Substantially all of the §103 rejections made by the Examiner appear to rely on a determination that the principal reference *Lalonde* discloses, as recited in element (c) of claim 1 of the present invention (as initially presented), is "categorising benefits thus identified in accordance with said user's ranked benefit preferences". Applicant has now amended the preamble of each of independent claims 1, 25, 26, and 27 to recite an "incentive-controlled" method and apparatus based on achieving "user-declared preferred benefits" and thereby distinguish more clearly from *Lalonde*, with these amendments applicant has also further distinguished the present invention from any possible combination of teachings from the *Lalonde* and *Turner* references.

In addition, there is a missing link that is critically required to connect any teachings of *Turner* with the *Lalonde* system. *Lalonde* does not disclose any reference to a user's ranked preferred benefits whatsoever and mechanically there is no way to combine elements of *Lalonde* (which does not employ a database for user benefit preferences) and of *Turner* (which needs defined occurrence data, such as ranked preferences, to order items by type, category, or other classification) to achieve any visible objective.

Where applicant has amended independent claim 1, from which claim 3 is dependent, to distinguish from *Lalonde*, said claim 3 has also been patentably distinguished and the applicant respectfully requests the Examiner's combination of teachings from *Lalonde* and *Turner* to reject any claims here presented be withdrawn.

The Examiner has rejected claim 5 under §103(a) as unpatentable over *Lalonde* as applied to claim 4 (as initially presented) and further in view of Walker et al. U.S. Patent No. 5,945,653 (hereinafter "*Walker*").

Substantially all of the §103 rejections made by the Examiner appear to rely on a determination that the principal reference *Lalonde* discloses, as recited in element (c) of claim 1 of the present invention (as initially presented), is "categorising benefits thus identified in accordance with said user's ranked benefit preferences". Applicant has now amended the preamble of each of independent claims 1, 25, 26, and 27 to recite an "incentive-controlled" method and apparatus based on achieving "user-declared preferred benefits" and thereby distinguish more clearly from *Lalonde*, with these amendments applicant has also further distinguished the present invention from any possible combination of teachings from the *Lalonde* and *Walker* references.

In addition, there is a missing link that is critically required to connect any teachings of *Walker* with *Lalonde*. There is no discussion of applying multiple benefits in *Lalonde* because the *Lalonde* system is not enabled to employ benefit combinations. *Lalonde* only allows one

charge card to be tendered to consummate a transaction (Col. 4, lines 14-15), and while the selection of such single charge card may be influenced by a promotion offered by one charge card issuer assumedly compared to a promotion offered by another charge card issuer there are no means disclosed in *Lalonde* to allow splitting a charge transaction amongst several charge cards to take advantage of multiple charge card issuer promotions.

In addition, *Lalonde* does not disclose any reference to a user's benefit preferences whatsoever which are necessary in order to determine which multiple benefits to employ that will obtain the highest value to a user. To further distance any relationship between *Lalonde* and *Walker*, mechanically there is no way to combine elements of *Lalonde* (which does not employ a database for merchant or any other non-charge card issuer promotions) and of *Walker* (which relies on manual means to evaluate, rank, determine, and apply multiple benefits) to achieve any visible objective. It seems unlikely that *Walker* provides motivation for upending fundamental premises of *Lalonde* "to modify the preferred single charge card selection method" and also to construct mechanical means to accommodate non-charge card issuer benefits.

With respect to method claim 5 (as initially presented), the Examiner (at page 14) refers to her earlier rejection of comparable method claim 4 (as initially presented). Claim 4 (as initially presented) is dependent from parent claim 1, which has now been amended to more clearly distinguish the present invention from *Lalonde*, and for that reason should now be in condition for allowance.

Where applicant has amended independent claim 1, from which claim 5 is dependent, to distinguish from *Lalonde*, said claim 5 has also been patentably distinguished and the applicant respectfully requests the Examiner's combination of teachings from *Lalonde* and *Walker* to reject any claims here presented be withdrawn.

The Examiner has rejected claim 12 under §103(a) as unpatentable over *Lalonde* and further in view of old and well known practices (hereinafter "*wkPractices*").

The conventional customer survey practices cited by the Examiner are acknowledged to be well known, but such well known methods are not related to the means disclosed in the present invention. *Lalonde* does not include any means to enable users to disclose their preferred benefits or to communicate any benefit requests whatsoever. Without knowledge of benefit preferences and the communication of specific benefit requests, there can be no suggestion for *Lalonde* to enable the aggregation and communication of such requests to organizations and companies. As such, it does not seem obvious that any aggregation means could be applied to *Lalonde* since there is nothing available to be aggregated.

Mechanically there is no way to combine elements of *Lalonde* (which does not employ a database for a user's benefit preferences) and of *wkPractices* (which requires multiple customers to make specific benefit requests) to achieve any visible objective. Furthermore, *Lalonde* is only capable of operating with a card holder's single selected predetermined preferred charge card which may have a promotion associated with it. Any associated charge card promotion is independently determined by the charge card issuer with no user input from *Lalonde*, and then the charge card issuer benefit is provided only as a generic promotion for use by all charge card holders since there are no means in *Lalonde* for a charge card issuer to identify, or be influenced by, any individual or group disclosure of card holder preferred benefits.

Where applicant has amended independent claim 1, from which claim 12 is dependent, to distinguish from *Lalonde*, said claim 12 has also been patentably distinguished and the applicant respectfully requests the Examiner's combination of teachings from *Lalonde* and *wkPractices* to reject any claims here presented be withdrawn.

Claim-by claim review of the §103 rejections

The Examiner has rejected claim 3 (as initially presented) under §103(a) as being unpatentable over *Lalonde* in view of *Turner*.

Applicant notes, regarding the §103 rejection of claim 3 (as initially presented), the Examiner's statement that *Lalonde* does not, but *Turner* does, disclose a Pareto optimal function for use with user preferences. Please note that the "user preferences" referred to are related to "preferred charge cards" (column 3, lines 10-18) and not related in any way to preferred benefits. Having stated that "Turner discloses a Pareto optimal function" the Examiner further states that "It would be obvious to one of ordinary skill in the art to modify the card selection method as disclosed by *Lalonde* to adapt the teaching of Pareto optimal function as disclosed by *Turner*. The motivation would be that a Pareto analysis is performed when issues of prioritization are under consideration and for the card selection process, it would be necessary to prioritize the user preferences in order to make a decision as to which card to select." (Page 13).

This contention appears inaccurate: first, *Lalonde* does not disclose any reference to a user's preferred and ranked benefits whatsoever; second, mechanically there is no way to combine elements of *Lalonde* (which does not employ a database for user benefit preferences) and of *Turner* (which needs defined occurrence data, such as ranked benefit preferences, to order items by type, category, or other classification); third, to further distinguish claim 3 (as amended) from *Lalonde* and/or *Turner* applicant has amended claim 3 (as amended) to recite that multivariable data modeling means are used to provide analysis of all characteristics related to benefits and settlement solutions; and fourth, there is no suggestion to be found in *Lalonde* to warrant any motivation to modify *Lalonde* to include the use of such an evaluation and prioritization means for user benefit preferences.

Turner page 228 is cited in support of this rejection. Said page 228 makes reference in Section 8.10.4 Pareto Analysis to certain necessary conditions for conducting Pareto analysis, such conditions include (1) deciding the data that are to be collected, and (2) clearly defining each classification. *Lalonde* makes no reference whatsoever to enumerating a card holder's preferred benefits and as such does not provide any basis for defining what data is to be

collected or which classifications are to be employed by Pareto functions. It seems unlikely that *Turner* provides motivation for upending fundamental premises of *Lalonde* “to prioritize user benefit preferences”. Accordingly, claim 3 (as amended) clearly and patentably distinguishes from the cited references alone or in combination, and the rejection of said claim 3, as now amended, is respectfully requested to be withdrawn.

The Examiner has rejected claim 5 (as initially presented) under §103(a) as being unpatentable over *Lalonde* in view of *Walker*.

With respect to claim 5 (as initially presented) the Examiner states (at page 14) that *Lalonde* does not disclose “the method wherein said benefit of highest value to said user is obtained from the combination of a plurality of said categorized benefits.” as recited in claim 5 (as initially presented), but that *Walker* “discloses the method wherein said benefit of highest value to said user is obtained from the combination of a plurality of said categorized benefits (Col. 4, lines 34-40; Col. 10, lines 13-21; Col. 11, lines 3-20)”. The Examiner states further that it would be obvious to one of ordinary skill in the art to apply such means to the *Lalonde* system, and that one would have been motivated to do so to extend the system’s application.

This extension may appear unlikely on review. *Lalonde* is exclusively enabled to be a single charge card transaction system (column 4, lines 14-16; column 6, lines 35-42; column 12, lines 57-60), and it consistently “teaches away” from the use of a combination of benefits by adhering to its single charge card limitation. Furthermore, it is not apparent how combining benefits, without any knowledge of a user’s declared benefit preferences, would provide “the most effective system”. In particular, it would not provide the *Lalonde* system with the effective system features for combining a plurality of benefits as contained in the present invention, such as: knowing a user’s preferred benefits, knowing a user’s ranking of benefits, conducting automatic evaluation and ranking of benefits alone or in combination, determining necessary

accounts and objects to achieve the benefits, or incorporating a delivery mechanism to present settlement solutions to appropriate parties.

The consequences of using a plurality of benefits will likely affect the *Lalonde* “predetermined charge card” components that are at the heart of *Lalonde*, but that have no place in Applicant’s system and method, but such effects are not presented for consideration. In the host system of the present invention the range of benefits that can be considered are bounded by compliance with all preferences, terms, conditions, and requirements of the transaction parties; accordingly, the benefit of highest value to a user is an achievable and preferred (claim 5, as amended) highest value which thus provides “the most effective system”. In the *Lalonde* system, there appears to be no limit to the benefits that will be considered for multiple use since there are no known user preferences to guide selections and as a result any accidental combination of unverified benefits will not guarantee that an acceptable highest value combination has been rendered, or even a benefit combination that is able to be used, by the system especially if such selected multiple benefits require the use of one or more non-user selected charge or credit cards (e.g., a combination of benefits including a low interest rate from, for example, a Red charge card and a \$50 cash back award from a Green charge card).

Since only one charge card may be used by the *Lalonde* system to charge a transaction, only one of the two example benefits may be selected for application. Furthermore, since only benefits published by charge card issuers are available in the *Lalonde* system, and since only one charge card may be employed in a transaction, it is therefore impossible for the user, or the system, to combine benefits in any fashion. Only a charge card issuer may combine benefits under the umbrella of one charge card (e.g., the Violet charge card issuer may offer a combination benefit of a one-time \$10 award for a first use of their charge card and a recurring award of 2 airline miles per dollar charged to their charge card), and any such charge card issuer combination is external to the *Lalonde* system and thus completely outside the control of the user or host system. The preceding demonstration of features necessary for the use of a

plurality of benefits reveals that it does not seem possible to combine *Lalonde* with *Walker* to achieve any visible objective.

In addition, the idea of “cashing in” all available options needs to consider the conditions and mechanical means that are essential to accomplish this desired action. It is well known that merchants may not permit instances of “double dipping” or “triple dipping” with regard to the application of multiple benefits, and may further require subscriptions to auxiliary accounts and settlement means or perhaps the purchase of specific complementary items. The necessary mechanical means and compliance methods required to accommodate multiple benefit dependency conditions are fundamental reasons preventing any related teachings by *Walker* to be introduced into the *Lalonde* system. In *Walker*, the user is responsible for manually complying with all necessary conditions and there is no compliance assistance from the *Walker* system whatsoever.

To use a combination of benefits will require *Lalonde* to employ, at a minimum, multiple payment/settlement vehicles to engage multiple benefit options from diverse sources. The use of such multiple payment vehicles is specifically excluded by the *Lalonde* system (Col. 4, lines 14-15) since only a single charge card can be used in a transaction to settle the transaction (e.g., merchant reward cards are not enabled). In addition, no means are provided for accessing other than charge card issuer promotions. For example, there are no mechanical means to enable merchant or manufacturer promotions. Charge card issuer promotions are specifically assigned by a charge card issuer to a charge card, and thus the ability to employ multiple benefits is outside the control of the card holder and resides exclusively with the charge card issuer and the charge card issuer's determination of what benefits to assign to a charge card.

Applicant respectfully requests the Examiner's combination of teachings from *Lalonde* and *Walker* to reject any claims here presented be withdrawn. Neither *Lalonde* nor *Walker* contemplates, discusses, or suggests a transaction system like that of the present invention,

which with straight simplicity enables users of the host system to establish benefit preferences that are acted upon to determine transaction settlement solutions which may combine a plurality of benefits.

Lalonde, as earlier stated, is a charge card facilitation system in which a central charge card repository engages in activities to deliver a single predetermined preferred charge card to pay for a transaction with a merchant, without any knowledge of a card holder's preferred benefits. *Walker* is a credit card transaction system, which discloses means for creating a function identifier (for example, BXC45697) associated with special purchase terms that is assigned to a unique credit card such that a card holder first manually selects a unique credit card to present to a merchant during a transaction and then may use an associated function identifier to affect the transaction amount (column 5, lines 16-19). Mechanically, there is no way to combine the elements of *Lalonde* (which only enables charge card issuer promotions and does not employ a database for card holder promotions) and of *Walker* (which employs separate databases for card holder promotions and function characteristics) to achieve any visible objective.

A further consideration of *Walker* will reveal that it merely teaches how multiple manually evaluated and selected benefit functions may be used to possibly compound an effect on a transaction amount. There is no disclosed evaluation or determination means in *Walker* for obtaining an achievable highest value for a user, but rather only means for producing a possibly "bigger" discount number or a "lesser" payment number all based on a user's independent determinations and decisions.

The *Walker* system is void of any evaluation or determination of a highest value to the user whatsoever and merely abides by the user's manually specified instructions to engage the mathematical calculator system of *Walker*. If there is a benefit of highest value resulting from the combination of a plurality of benefits, it is a benefit that is achieved by means and methods external to the *Walker* system. In addition, without knowing a user's benefit preferences, or

some indication of what is considered “most advantageous use” (*Lalonde* column 2, line 42) and without access to other than charge card issuer promotions, the *Lalonde* system is incapable of determining an achievable highest value for said user by employing any combination of multiple benefits.

The Examiner has rejected claim 12 (as initially presented) under §103(a) as being unpatentable over *Lalonde* in view of *old and well known practices*.

The Examiner states at pages 14-15 that *Lalonde* does not disclose, as recited in claim 12 (as initially presented), “aggregating requests received from a plurality of identified users and of operating on such aggregated requests to effect an enhancement in the potential value of at least one of said identified benefits to at least one of said identified users.” The Examiner then presents, however, “that it is old and well known for companies and organizations to hear customers’ requests and to consider modifications to policies and procedures”, and, further, to apply such subject matter to the *Lalonde* system, in order to provide customer service.

On the following grounds, these contentions seem unlikely and the Examiner is respectfully requested to withdraw her rejection of claim 12 as now amended to more clearly distinguish claim 12 from the art cited by the Examiner. Claim 12 has been amended as follows:

. . . aggregating a plurality of requests [received from] involving a plurality of identified users and of operating on such aggregated [requests] declared preferred benefits to effect an enhancement in the potential value . . .

For a company to respond to customer requests, as stated by the Examiner, said customers must make their requests known. *Lalonde* does not provide any means whatsoever for card holders to disclose their benefit requests (i.e., declared preferences). As such, benefit requests cannot be aggregated using *Lalonde*, and thus, users cannot produce any petition for benefit modifications. A central aspect of the embodiment of the present invention claimed in claim 12

(as amended) is the aggregation of users' "declared preferred benefits", the essential elements of any settlement solution request, so that transaction parties, who are considering the provision of benefits, may observe which benefits may influence the production of settlement solutions that will include, for example, their accounts. As an example, Visa may "observe that" airline mile awards are "declared as preferred" by a community of users and then offer an advantageous airline mile award that would influence the use of Visa accounts in the construction of settlement solutions. The ability of Visa to "observe" declared characteristics of a community and formulate benefit awards is not the same as receiving a "petition" from constituents calling for a change in benefit awards. The former situation presents "who one is" (e.g., I am partial to blue), while the latter expresses "what one wants" (e.g., you should provide blue paint).

The old and well known method of customers sending suggestions to a company for their review is clearly established as prior art. In contrast though, the novel and unobvious approach of the present invention is that customers are not petitioning the company to consider making modifications to their company policies and procedures, but rather the host system of the present invention provides novel means for a company (e.g., benefit issuers) to view an aggregated group (e.g., customers) having certain characteristics (e.g., preferring airline mile awards) and petitioning such group to modify their settlement behavior by accepting offers (e.g., 4 American airline miles per dollar spent) that a company may produce along with considering other competing companies' offers (e.g., 5 Southwest airline miles per dollar spent) such that the customers are the ones receiving petitions and improvement requests from companies. This constitutes a paradigm shift in the observation and delivery of incentives and as such it implements a completely novel approach to identifying aggregated customer preferences and then petitioning aggregated customers to make changes in their customer transaction policies and procedures.

Nowhere in *Lalonde* is there any reference to identify a card holder's benefit preferences, and without such user declaration of their preferred benefits the ability to aggregate and operate on benefit requests is not possible. Accordingly, applicant respectfully requests that the Examiner withdraw her §103 rejection of claim 12 as now amended.


Summary of the §103 rejections

With respect to claims 3, 5, and 12, all of said claims are dependent on parent claim 1, the preamble of which applicant has now amended to recite "[A] An incentive-controlled method for use in the trading and/or acquisition of [economic and personal] user-declared preferred benefits (other than a preferred charge card choice)" and thereby more clearly distinguish from *Lalonde*. Applicant believes that the preceding demonstration that claim 1 as now amended distinguishes from *Lalonde* and therefore is now in allowable form, dependent claims 3, 5, and 12 are also now in allowable form and the withdrawal of their rejections is respectfully requested.

CONCLUSION

Applicant submits that claims 1-27 are allowable as amended, and Applicant therefore respectfully requests notice of allowance. Should the Examiner believe that issues continue to exist, but that the prosecution of this application might be expedited by a telephone interview, it would be greatly appreciated if the Examiner would contact the undersigned at 781-279-0600 so that such issues may be expeditiously resolved. The Examiner may place such a call collect.

Respectfully submitted,


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